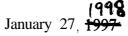
## DEPARTMENT OF HEALTH SERVICES

**714/744** P STREET P. 0. Box 942732 SACRAMENTO, CA 94234-7320 **(916)** 654-8076





MMCD Policy Letter 98-02

TO: [X] Geographic Managed Care Plans

[X] Prepaid Health Plans

[X] Primary Care Case Management Plans

[X] Two-Plan Model Plans

SUBJECT: CERTIFICATES OF CREDITABLE COVERAGE UNDER THE HEALTH

INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996

#### **PURPOSE**

The goal of this letter is to establish a **Medi-Cal** health plan policy regarding the issuance of certificates of creditable coverage under the Health Insurance Portability and Accountability Act of 1996 (42 Code of Federal Regulations, Subchapter XXV, Section **300gg-92**).

#### BACKGROUND

The Health Insurance Portability and Accountability Act (HIPAA) which was enacted August 21, 1996, is also known as the Kennedy-Kassebaum bill. Generally, HIPAA limits the length of a pre-existing medical condition exclusion to 12-month maximum (the look-forward rule), increases the portability of health insurance coverage statewide (group-to-group and group-to-individual), and reduces the waiting time established by a new health plan or insurer. The portability provision enables people enrolled in a health plan with a pre-waiting period or a pre-existing condition exclusion, to reduce that waiting period or exclusion time by using the coverage time obtained from their former health plan or insurer. This previous coverage time is reported on a certificate of creditable coverage. In addition to other health insurers (i.e., Health Maintenance Organizations, Preferred Provider Organizations, Indemnity Plan's, Omnibus Budget Reconciliation Act, and Medicare), the HIPAA identified Medicaid (Medi-Cal in California) as the responsible agency for issuing certificates of creditable coverage.

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#### **POLICY**

Medi-Cal managed care health plans are not responsible for issuing Medi-Cal certificates of creditable coverage to Medi-Cal recipients under HIPAA. Medi-Cal members requesting a certificate of creditable coverage from a managed care health plan must be referred to their local county welfare office to obtain the certificate.

### **DISCUSSION**

Within the Medicaid program, the Department of Health Services is the lead agency responsible for issuing the certificates of creditable coverage to Medi-Cal recipients. Within the agency, the contracting managed care health plans are regarded as the providers of Medi-Cal health care. The Department will soon be automating the issuance of certificates of creditable coverage through the Medi-Cal Eligibility Data System (MEDS). Meanwhile, until the process is fully automated on MEDS, the Department has delegated the responsibility for issuing the certificates to the county welfare offices. The county welfare directors were provided with the Department's written instructions on October 6, 1997, which included the HIPAA issuance guidelines. The county welfare office will provide the certificate of creditable coverage to a person whose Medi-Cal benefits have ended or to a Medi-Cal eligible member who requests the certificate of creditable coverage in writing.

If you have any questions regarding this policy letter, please contact your contract manager.

> Matth Bawl. J. AK Ann-Louise Kuhns, Chief Medi-Cal Managed Care Division

# INTEROFFICE MEMORANDUM

To: Richard Rodriguez, M.D.

Martha Bernadett, M.D. Charles Signorino, M.D.

Irene Lord Sheila Muller

Nanette Bordenave

cc: John Molina, M.D.

From: Ken Bohaty Kin B.

Subject: Newborns' and Mothers' Health Act of 1997;

MMCD Policy Letter 98-01 (Attached).

The attached clarifies our performance requirements under the aforementioned Act

Please review this policy letter carefully and take whatever action required to ensure MMC's compliance.

Attachment